

Message Text

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ACTION AF-10

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P R 271415Z JUN 77
FM AMEMBASSY PRETORIA
TO SECSTATE WASHDC PRIORITY 7894
INFO AMCONSUL DURBAN
AMEMBASSY MAPTUO
AMCONSUL JOHANNESBURG
AMCONSUL CAPE TOWN

C O N F I D E N T I A L PRETORIA 3127

E.O. 11652: GDS
TAGS: SF, RH, EMIN, ESTC
SUBJECT: SOUTH AFRICAN AND RHODESIAN CHROME ORE PRODUCTION

1. SUMMARY: INCONSISTENCIES HAVE BEEN FOUND IN SOUTH AFRICAN DATA ON CHROME PRODUCTION AND SHIPMENTS WHICH COULD POINT TO COLLUSION TO EXPORT RHODESIAN CHROME DISGUISED AS SOUTH AFRICAN. JOHANNESBURG MINERALS OFFICER, WHO HAS BEEN INVESTIGATING, WILL DISCUSS HIS FINDINGS DURING WASHINGTON CONSULTATIONS BEGINNING JUNE 29.
END SUMMARY.

2. SAG STATISTICS SHOW TOTAL PRODUCTION OF CHROMITE AND CHROME SAND AT 3,104,235 METRIC TONS IN CY 1976, A NEW HIGH NEARLY 500,000 TONS OVER 1975 OUTPUT. WHILE THIS INCREASE DOES NOT SEEM UNUSUAL, THE TOTAL SEEMS INCONSISTENT WITH REPORTED LOCAL SALES OF 899,429 TONS FOR FERROCHROME AND OTHER INDUSTRIES, EXPORTS OF 1,194,283 TONS AND IMPORTS (CHROMITE ONLY) OF 167,063 TONS. THIS LEAVES AN UNACCOUNTED EXCESS OF 1.2 MILLION TONS AT YEAR-END. MOREOVER,

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SA RECORDED SURPLUS OF 400,000 MILLION TONS IN 1973, 700,000 IN 1974 AND 700,000 IN 1975.

3. CONCEIVABLY, FOREGOING DISCREPANCY COULD ARISE FROM IMPORT OF RHODESIAN CHROME AND MIXING WITH SOUTH AFRICAN. HOWEVER, THIS WOULD MEAN SAG ALLOWING ITS PRODUCTION STATISTICS TO BE FALSELY INFLATED, WHILE NOT SHOWING RHODESIAN CHROME IN ITS

EXPORT STATISTICS. DISCREPANCY OF 1.2 MILLION TONS IS, IN ANY EVENT, MUCH GREATER THAN TOTAL RHODESIAN PRODUCTION.

4. IT WOULD BE DIFFICULT TO CONCEAL RHODESIAN LUMP ORE BLENDED WITH SOUTH AFRICAN. SWEETWOOD POINTS OUT, HOWEVER, THAT RHODESIAN LUMP ORE OR SAND MIGHT BE CRUSHED AND SIZED TO SA PHYSICAL SPECIFICATIONS AND BLENDED WITH SA MARGINAL ORES. THIS WOULD NOT BE ECONOMIC BUT MIGHT MEAN RHODESIAN CHROME WOULD BE DIFFICULT TO IDENTIFY DURING CONVENTIONAL CHEMICAL ANALYSIS. FACT THAT SAG STATISTICS SHOW CHROME SAND EXPORTS INCREASED 74 PERCENT IN 1974 WHILE LUMP ORE CHROMITE EXPORTS DROPPED 34 PERCENT MIGHT SUPPORT THIS. SWEETWOOD IS CARRYING SAMPLE OF CHROME SAND EXPORTED THROUGH DURBAN IN MARCH.

5. SWEETWOOD BELIEVES, AFTER VISITS TO DURBAN AND MAPUTO, THAT DURBAN IS ONLY SA PORT OFFLOADING CHROME IN FORM OF SAND AT CURRENT RATE OF 400,000 TONS ANNUALLY. MAPUTO IS ONLY OTHER PORT IN REGION RECEIVING SA CHROME (LIMP ORE AND SAND) TOTALLING 1,510,337 METRIC TONS IN 1976. THIS IS 316,000 TONS GREATER THAN SA STATISTICS SHOW ARRIVING AT MAPUTO IN 1976. THIS DISCREPANCY WOULD BE OF AN ORDER OF MAGNITUDE THAT MIGHT BE ACCOUNTED FOR BY RHODESIAN CHROME TRANSHIPPED AND RE-MANIFESTED TO GET AROUND MOZAMBIQUE EMBARGO. WE ALSO HAVE AN UNCONFIRMED REPORT THAT EAST LONDON PORT IS BEING CONVERTED TO ACCEPT RHODESIAN CHROME ORE.

6. WE ARE NOT IN POSITION TO JUDGE WHETHER ABOVE
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FINDINGS POINT TO COLLUSION TO EXPORT RHODESIAN CHROME DISGUISED AS SOUTH AFRICAN. IF SO, STATISTICS JUGGLING SEEMS CLUMSY AND CONVERTING OF RHODESIAN LUMPY ORE TO SAND SEEMS INEXPLICABLE AT TIME WHEN US EMBARGO WAS NOT IN EFFECT. WHILE SAG WOULD NO DOUBT CLOSE ITS EYES TO MANIPULATIONS BY PRIVATE TRADERS, WE ARE NOT SURE IT WOULD BE WILLING TO FALSIFY ITS OFFICIAL TRADE FIGURES TO ACCOMODATE RHODESIANS. WE ARE NOT CLEAR TO WHAT EXTENT IT WOULD BE POSSIBLE TO ABSORB RHODESIAN CHROME IN SA INDUSTRY AND EXPORT SOUTH AFRICAN ORE OR FERROCHROME ON AN OFFSET BASIS.

7. WOULD APPRECIATE ADVICE AS TO FUTURE STEPS THAT SHOULD BE TAKEN, IF ANY, AFTER SWEETWOOD'S CONCLUSIONS HAVE BEEN ANALYZED BY WASHINGTON AGENCIES. BOWDLER

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